

OIL TAX REVENUE COLLECTIONS AND ALLOCATIONS SUMMARY

This memorandum provides a summary of oil tax revenue collections, oil production and prices, and oil tax revenue allocations. The first page compares the current month to the previous month. The second page compares the biennium to date for the 2015-17 biennium to the same number of months for the 2013-15 biennium. The third page provides a comparison of actual and forecasted collections and allocations. The fourth page provides information on the distribution of oil and gas gross production tax collections to political subdivisions for the current month and for the biennium to date.

MONTHLY SUMMARY Oil Tax Revenue Collections

The schedule below provides a comparison of actual to forecasted oil tax revenue collections for the months of September and October 2015.

	September 2015	October 2015	Increase (Decrease)	
			Amount	Percentage
Actual collections				
Oil and gas gross production tax	\$82,342,580	\$64,881,394	(\$17,461,186)	(21.2%)
Oil extraction tax	84,390,468	64,399,990	(19,990,478)	(23.7%)
Total actual collections	\$166,733,048	\$129,281,384	(\$37,451,664)	(22.5%)
Forecasted collections				
Oil and gas gross production tax	\$70,758,864	\$72,461,136	\$1,702,272	2.4%
Oil extraction tax	14,741,430	15,096,070	354,640	2.4%
Total forecasted collections	\$85,500,294	\$87,557,206	\$2,056,912	2.4%
Increase (decrease) to forecast				
Amount	\$81,232,754	\$41,724,178		
Percentage	95.0%	47.7%		

Oil Production and Prices

The schedule below provides information on actual and forecasted average daily production and average daily price of oil per barrel for the months of July and August 2015. Monthly oil tax revenue collections reflect production from two months prior. For example, October 2015 oil tax revenue collections relate to August 2015 oil production. Actual oil prices shown reflect Flint Hills Resources (FHR) posted prices and West Texas Intermediate (WTI) posted prices.

	July 2015	August 2015	Increase (Decrease)	
			Amount	Percentage
Actual average daily production and price				
Average daily production of oil in barrels	1,206,996	1,186,444	(20,552)	(1.7%)
Average daily price - FHR	\$39.41	\$29.52	(\$9.89)	(25.1%)
Average daily price - WTI	\$50.93	\$42.89	(\$8.04)	(15.8%)
Forecasted average daily production and price				
Average daily production of oil in barrels	1,100,000	1,100,000	0	0.0%
Average daily price of oil per barrel	\$43.23	\$44.27	\$1.04	2.4%

Oil Tax Revenue Allocations

The schedule below provides information on the total oil tax revenue allocations to state funds, the Three Affiliated Tribes, and political subdivisions for the months of September and October 2015.

	September 2015	October 2015	Increase (Decrease)	
			Amount	Percentage
Legacy fund	\$46,082,947	\$35,621,356	(\$10,461,591)	(22.7%)
Three Affiliated Tribes	13,123,224	10,543,530	(2,579,694)	(19.7%)
Oil and gas research fund	926,704	938,220	11,516	1.2%
Oil and gas impact grant fund	6,047,182	3,424,407	(2,622,775)	(43.4%)
Political subdivisions	43,190,388	24,196,348	(18,994,040)	(44.0%)
Abandoned well reclamation fund	557,069	437,852	(119,217)	(21.4%)
North Dakota outdoor heritage fund	1,114,138	875,704	(238,434)	(21.4%)
Foundation aid stabilization fund	7,085,299	5,346,284	(1,739,015)	(24.5%)
Common schools trust fund	7,085,299	5,346,284	(1,739,015)	(24.5%)
Resources trust fund	14,170,598	10,692,569	(3,478,029)	(24.5%)
General fund	27,350,200	31,858,830	4,508,630	16.5%
Tax relief fund	0	0	0	N/A
Strategic investment and improvements fund	0	0	0	N/A
Political subdivision allocation fund	0	0	0	N/A
State disaster relief fund	0	0	0	N/A
Total oil and gas tax revenue allocations	\$166,733,048	\$129,281,384	(\$37,451,664)	(22.5%)

BIENNIUM-TO-DATE SUMMARY - COMPARISON

Oil Tax Revenue Collections

The schedule below provides a comparison of actual to forecasted oil tax revenue collections for the first three months of the 2015-17 and 2013-15 bienniums.

	August 2015 Through October 2015	August 2013 Through October 2013	Increase (Decrease)	
			Amount	Percentage
Actual collections				
Oil and gas gross production tax	\$242,588,392	\$365,719,631	(\$123,131,239)	(33.7%)
Oil extraction tax	242,554,567	419,427,743	(176,873,176)	(42.2%)
Total actual collections	\$485,142,959	\$785,147,374	(\$300,004,415)	(38.2%)
Forecasted collections				
Oil and gas gross production tax	\$209,700,480	\$274,320,852	(\$64,620,372)	(23.6%)
Oil extraction tax	43,687,600	359,373,375	(315,685,775)	(87.8%)
Total forecasted collections	\$253,388,080	\$633,694,227	(\$380,306,147)	(60.0%)
Increase (decrease) to forecast				
Amount	\$231,754,879	\$151,453,147		
Percentage	91.5%	23.9%		

Oil Production and Prices

The schedule below provides information on actual and forecasted average daily production and average daily price of oil per barrel for the first three months of 2013-15 and 2015-17 bienniums. Monthly oil tax revenue collections reflect production from two months prior. For example, September 2015 oil tax revenue collections relate to July 2015 oil production.

	June 2015 Through August 2015	June 2013 Through August 2013	Increase (Decrease)	
			Amount	Percentage
Actual average daily production and price				
Average daily production of oil in barrels	1,201,589	869,507	332,082	38.2%
Average daily price - FHR	\$38.89	\$91.90	(\$53.01)	(57.7%)
Average daily price - WTI	\$51.22	\$102.34	(\$51.12)	(50.0%)
Forecasted average daily production and price				
Average daily production of oil in barrels	1,100,000	833,333	266,667	32.0%
Average daily price of oil per barrel	\$43.16	\$75.00	(\$31.84)	(42.5%)

Oil Tax Revenue Allocations

The schedule below compares oil tax revenue allocations to state funds, the Three Affiliated Tribes, and political subdivisions for the first three months of the 2015-17 biennium to the 2013-15 biennium.

	August 2015 Through October 2015	August 2013 Through October 2013	Increase (Decrease)	
			Amount	Percentage
Legacy fund	\$134,150,203	\$219,165,218	(\$85,015,015)	(38.8%)
Three Affiliated Tribes	37,975,079	53,783,126	(15,808,047)	(29.4%)
Oil and gas research fund	3,657,619	6,257,573	(2,599,954)	(41.5%)
Oil and gas impact grant fund	9,471,589	33,415,240	(23,943,651)	(71.7%)
Political subdivisions	88,563,680	96,671,052	(8,107,372)	(8.4%)
Abandoned well reclamation fund	1,645,327	2,421,571	(776,244)	(32.1%)
North Dakota outdoor heritage fund	2,640,441	2,421,571	218,870	9.0%
Foundation aid stabilization fund	20,344,037	36,944,978	(16,600,941)	(44.9%)
Common schools trust fund	20,344,037	36,944,978	(16,600,941)	(44.9%)
Resources trust fund	40,688,075	73,889,957	(33,201,882)	(44.9%)
General fund	125,662,339	200,000,000	(74,337,661)	(37.2%)
Tax relief fund	0	23,012,954	(23,012,954)	(100.0%)
Strategic investment and improvements fund	533	219,156	(218,623)	(99.8%)
Political subdivision allocation fund	0	0	0	N/A
State disaster relief fund	0	0	0	N/A
Total oil and gas tax revenue allocations	\$485,142,959	\$785,147,374	(\$300,004,415)	(38.2%)

COMPARISON OF ACTUAL TO FORECAST - COLLECTIONS AND ALLOCATIONS

Monthly Comparison

The schedule below provides a comparison of actual to originally forecasted oil tax revenue collections and allocations for the month of October 2015.

	October 2015		Increase (Decrease)	
	Actual	Forecast	Amount	Percentage
Collections				
Oil and gas gross production tax	\$64,881,394	\$72,461,136	(\$7,579,742)	(10.5%)
Oil extraction tax	64,399,990	15,096,070	49,303,920	326.6%
Total actual collections	\$129,281,384	\$87,557,206	\$41,724,178	47.7%
Allocations				
Legacy fund	\$35,621,356	\$24,128,652	\$11,492,704	47.6%
Three Affiliated Tribes	10,543,530	7,128,366	3,415,164	47.9%
Oil and gas research fund	938,220	328,446	609,774	185.7%
Oil and gas impact grant fund	3,424,407	5,702,728	(2,278,321)	(40.0%)
Political subdivisions	24,196,348	27,377,054	(3,180,706)	(11.6%)
Abandoned well reclamation fund	437,852	530,995	(93,143)	(17.5%)
North Dakota outdoor heritage fund	875,704	1,061,990	(186,286)	(17.5%)
Foundation aid stabilization fund	5,346,284	1,301,281	4,045,003	310.8%
Common schools trust fund	5,346,284	1,301,281	4,045,003	310.8%
Resources trust fund	10,692,569	2,602,562	8,090,007	310.8%
General fund	31,858,830	16,093,851	15,764,979	98.0%
Tax relief fund	0	0	0	N/A
Strategic investment and improvements fund	0	0	0	N/A
Political subdivision allocation fund	0	0	0	N/A
State disaster relief fund	0	0	0	N/A
Total oil and gas tax revenue allocations	\$129,281,384	\$87,557,206	\$41,724,178	47.7%

Biennium-to-Date Comparison

The schedule below provides a comparison of actual to originally forecasted oil tax revenue collections and allocations for the biennium to date for the 2015-17 biennium.

	2015-17 Biennium to Date		Increase (Decrease)	
	Actual	Forecast	Amount	Percentage
Collections				
Oil and gas gross production tax	\$242,588,392	\$209,700,480	\$32,887,912	15.7%
Oil extraction tax	242,554,567	43,687,600	198,866,967	455.2%
Total actual collections	\$485,142,959	\$253,388,080	\$231,754,879	91.5%
Allocations				
Legacy fund	\$134,150,203	\$69,827,638	\$64,322,565	92.1%
Three Affiliated Tribes	37,975,079	20,629,288	17,345,791	84.1%
Oil and gas research fund	3,657,619	969,426	2,688,193	277.3%
Oil and gas impact grant fund	9,471,589	11,131,022	(1,659,433)	(14.9%)
Political subdivisions	88,563,680	83,655,299	4,908,381	5.9%
Abandoned well reclamation fund	1,645,327	1,536,685	108,642	7.1%
North Dakota outdoor heritage fund	2,640,441	3,073,370	(432,929)	(14.1%)
Foundation aid stabilization fund	20,344,037	3,765,871	16,578,166	440.2%
Common schools trust fund	20,344,037	3,765,871	16,578,166	440.2%
Resources trust fund	40,688,075	7,531,741	33,156,334	440.2%
General fund	125,662,339	47,501,869	78,160,470	164.5%
Tax relief fund	0	0	0	N/A
Strategic investment and improvements fund	533	0	533	N/A
Political subdivision allocation fund	0	0	0	N/A
State disaster relief fund	0	0	0	N/A
Total oil and gas tax revenue allocations	\$485,142,959	\$253,388,080	\$231,754,879	91.5%

2015-17 BIENNIUM DISTRIBUTIONS TO POLITICAL SUBDIVISIONS - OIL AND GAS GROSS PRODUCTION TAX COLLECTIONS

The schedule below provides information on the distribution of oil and gas gross production tax collections to political subdivisions for the biennium to date. Distributions of the oil and gas gross production tax to political subdivisions reflect production from two months prior. For example, October 2015 distributions of oil and gas tax gross production tax collections relate to August 2015 oil production. Distributions to political subdivisions pursuant to the new formula in 2015 House Bill No. 1176 became effective with July 2015 oil production and September 2015 distributions. As a result, this memorandum reports the distributions to political subdivisions for the period September 2015 to August 2017 to reflect 24 months of distributions based on the new formula.

	September 2015	October 2015	Biennium-to- Date Total
Counties	\$22,132,918	\$10,750,097	\$32,883,015
Hub cities ¹	7,502,930	5,801,627	13,304,557
Other cities	7,396,411	3,597,603	10,994,014
Hub city school districts	1,250,000	1,250,000	2,500,000
Other school districts	2,711,732	1,734,825	4,446,557
Townships	2,196,397	1,062,196	3,258,593
Total	\$43,190,388	\$24,196,348	\$67,386,736
¹ The distributions to the hub cities are as follows:			
Williston	\$4,039,258	\$3,018,476	\$7,057,734
Dickinson	2,238,379	1,727,988	3,966,367
Minot	766,959	596,829	1,363,788
Mandan	187,500	187,500	375,000
Bismarck	83,333	83,333	166,666
West Fargo	62,500	62,500	125,000
Jamestown	41,667	41,667	83,334
Fargo	41,667	41,667	83,334
Grand Forks	41,667	41,667	83,334
Total	\$7,502,930	\$5,801,627	\$13,304,557